

## OBJECTIVES, PERFORMANCES, RESULTS – VIEWS ON THEIR USE IN THE PUBLIC ORGANIZATIONS FROM ROMANIA

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*The present paper focuses on the management associated with relatively common concepts: objective, result and performance (ORP). The study is important because in the Romania of the year 2011, a “state reform” is being planned, which will substantiate into the reorganization of public institutions, as the improvement of their activity is set forth by utilizing the set of tools associated with the aforementioned concepts.*

*The study represents an analysis related to the use of the set of management tools associated with the aforementioned concepts within the Romanian public organizations. The study is concerned with a qualitative estimation involving the translation of the existing theory into the practice of the present moment.*

*The review of the specialized literature is aimed at selecting the most common theoretical milestones, in order to increase the probability to retrieve them from the practice of the organizations. The works of Drucker represent the first theoretical system of reference. The way the ORP concepts have been utilized within the American organizations generate the guiding elements of the present study.*

*The research presents a longitudinal segmentation, the frontier between the two parts being the present moment. The current state of facts is studied by means of an inductive approach. The hypothesis related to the ORP management in the near future is actually built on the grounds provided by the estimation of this state of facts. Its deductive approach starts from evaluating the pragmatic premises, involving the support of the process that will utilize the ORP in the near future, according to the theoretical percepts. The analysis is qualitative in nature. The identification of the cases that represented “the exception” was taken into account.*

*The analysis focused on public institutions considered a priori as more transparent: the university, the hospital and the town hall. Even if in the case of the university there are regulations that facilitate the strategic planning, the utilization of objectives according to the MBO precepts is absent. The same situation is to be found in the case of hospitals and town halls. The use of primary and secondary information sources prove that the ORP has not been utilized. It was ascertained that the premises for utilizing the ORP are the same for the near future, a fact that implies the same results.*

*The main implication is associated with the “myth or reality?” question. The result has a demystifying impact, showing that a reliable estimation on the ORP basis related to the activities of or people working in these organizations cannot be developed nowadays - in 2011.*

*The present study aims at a realistic analysis related to the discrepancy between words and facts within the management of the Romanian public organizations. The fact that the aforementioned organizations represent the object of the “management of shallow labels content” is signaled and demonstrated.*

*Key words: objectives, MBO, results, performance, public organization*

*JEL Codes: H11, I00, I23, L31*

## **I. Introduction**

The present-day economic crisis has augmented the segment of public opinion which is favorable to a critical analysis of the activity developed by the public organizations and by the public sector as a whole. The phenomenon is more than obvious in Romania, where salient transformations of the public sector occurred during the last two decades and where the major problems associated with the management of the public organizations persist. The dominant impression expressed explicitly and implicitly is that the public organizations involve too many resources, in order to develop activities whose results are prone to be criticized.

Being studied from the point of view based mainly on the principles of the new public management, the problem generated by the malfunction of these organizations focused mainly on the analysis of costs associated with the expected results. Even the shift of interest from processes and procedures to results represents a significant change in the management of these organizations. The advocates of this change of attitude, a change synthesized by Osborne and Gaebler (1992: 108-166) by means of “mission-driven government”, consider that in this manner the entrepreneurial approach is encouraged.

The pressure to implement a management guided by results and economic criteria is amplified by the consequences of certain unfavorable economic evolutions. In Romania the need for a critical analysis becomes obvious.

Even if there is a macroeconomic context which is favorable to this managerial approach, the expected success is determined by the understanding of the specificity related to the public sector. It cannot be omitted that, in theory, there are more important matters than the economic ones in guiding these organizations, while in practice there is the experience of many centuries which validates their existence and their manner of work.

## **II. Present-day concepts and practices**

If the discourse of the people involved in reform of the public sector and organizations is followed carefully, it can be ascertained that there is an ambiguous manner to use of the terms objective, result and performance. The alarming aspect is generated by the fact that these confusions substantiate in public policies whose consequences are, of course, negative. The effect may be amplified if the terms are associated with certain management practices which are transferred from private organizations to the public organization.

In this respect, the management by objectives (MBO), the managing for results (MfR) and the performance management (MP) belong to the category of management tools on which hundreds of works of all types have been published. They have a different content because in the first place, from a detached point of view, the objective, the result, and the performance stand for different concepts. “The objective” relates to something that is to be accomplished, “the result” is a consequence and “the performance” represents the outstanding or the best result. On the other hand, the quantification of the objective is desirable as the quantification of the result represents a compulsory condition that involves the opportunity to discuss the performance. Taking into account these common observations based on the dictionary definitions of the respective terms, one can appreciate a “chronological sequence” of the discussion as logical, if related to the objective-results-performance type.

The management by objectives, MBO, is ascribed to Drucker (1954). MBO is associated mainly to the planning, being adopted after 1975 as a tool of strategic management. In this context, the objective embodies the mission of the organization. The rapid utilization of MBO by certain companies has generated a number of situations which imposed critical observations and methodological corrections. Drucker (1954; 1974) emphasizes that a system of objectives represents a necessity, and this system must be developed in a balanced manner, by avoiding

certain exaggerations related to the role played by the profitability. By extension, it can be inferred that this warning is valid in the case when the role of economic objectives are being exaggerated. However, in 1974, an international conference dealing with the MBO topic showed that 80% of the American companies use this instrument, not more than 3% doing it in a correct manner (Schuster and Kendall 1974). What is more important for this study is that the conference questioned the applicability for specific fields.

“Managing for results” (1964) is one of the Drucker’s works discussing “the business realities”. This book, which has generated an instrumental approach, focused on the individuals who were initiated in the business management but, however, certain “realities” may be perceived from the point of view of the management involved in other types of organizations. For instance, the idea that the resources and the results exist outside the organizations is worth to be understood and adapted to the public organizations. In this manner, it is suggested that the effort should be focused on the outputs/results.

As in the preceding cases, the performance management referred to the organization follows different “trajectories”, corresponding to the private and the public sector. In what the private sector is concerned, the performance of the organization is associated with a minimal limit of profitability which implies its survival. In the case of the public sector, the performance of the company hasn’t been associated with its survival. Due to political and social context, almost all the public organizations have been kept in function, without being affected by the appraisals of their results or performances. The continuity of their function has been considered in itself a positive result, despite the costs perceived as irrational.

Taking into account the main area where the theory was associated with the discussed concepts and the fact that most of the discussions promoted at a global scale are linked with the North American economic and social space, an estimation of the pragmatic results of the public sector becomes compulsory. From the time intervals needed to implement the strategy and then achieve certain results and from the problematic created, a series of particularities or consequences of the utilization of the respective management tools can be inferred. A source of this type, available in Romanian, is Henry (2005: 416-613). Henry’s textbook focuses on the US public administration, making available certain moments and data with a statistic value that offer an image of the significant elements. MBO was promoted in the American administration during the seventies. Other combinations objectives-results-performances followed a fact that generated more sophisticated public management instruments, known under different acronyms.

Finally, for this study the following facts can be taken into account:

- before the “official moments” concerning the discussed instruments it existed a practice that guided the elaboration of the theory related to their utilization;
- the utilization of instruments is promoted and experimented by some governmental agencies and the results are quantified and then made available for public discussion;
- the instruments are improved continuously, under the pressure of constant criticism and objective appraisals.

At the beginning of the nineties, after five decades of efforts to improve the public sector management in the USA, it was ascertained that the capacity of the government to estimate the performances, on a scale from 1 to 10, reached the level corresponding to the figure 2 on the named scale (Henry 2005: 448-449). An appraisal developed in 2002 and related to 26 federal agencies according to two criteria registered one maximal position for one organization, while half of the organizations scored at the minimum level while all the criteria were concerned.

Extending the study to other geographic areas, it can be ascertained that the theoretic bases and the practice associated with the ORP triad suggest a cautious and flexible approach, due to the dilemmas that appear in relation with the specificity of the public organizations. For instance,

Pollitt and Bouckaert (2000) discuss the reform of the public management, using the titles “The results – through the blurry mirror” or “The results: a slippery concept”. Even in this context, it is obvious that the various governments (of the OECD countries) interested in the matter attempt mainly transparent and gradual approaches, accompanied by projections of the consequences with a multitude of disapproving reactions at the public level.

In Romania, the discussion involving the strategic planning and implicitly the utilization of the mission and objectives in the public sector began more than 10 years ago. Brătianu and Lefter (2001) offer a discussion of the planned utilization of the objectives and of other strategic instruments in the universities. In practice, the fact that an institutional degree is afforded to a university by a public agency marks the implementation of minimal elements of performance.

### **III. Methodology**

The study is aiming at an analysis with a retrospective character, on which is based a projection valid for the next years. This temporal orientation with two segments allows the use of two different approaches, which are connected by the idea of a construction with a preventive role.

An inductive approach was used for the last period of time. The approach was based on the collection of some qualitative data related to the utilization of the ORP triad within the framework of a public institution from the non-profit category, these institutions offering a higher transparency. The institutions belonging to the education, health and local administration systems were preferred. The analyzed elements were obtained via observation and were extracted from the different sources, which are available for public use due to the organizations websites, or were inferred from the events and operational processes. A special attention was paid to the elements with a “dissonant” character from the amount of collected data. Their estimation represented the appraisal of the agreement between the real state of facts and the data registered in the official documents.

The accomplishment of this inductive phase is substantiated in an assertion with a theoretical value. The research hypothesis is built on its basis, in order to realize a prediction associated with the next interval. A part of the collected data for the last period of time was used in order to test the hypothesis related to the manner the management instrument in discussion will operate in the near future.

The research strategy represents a mixture of case studies at the organizational level for several institutions from the fields which were mentioned previously. These case studies focus only on the elements related to the ORP triad. The chosen organizations represent a sample consisting of typical cases, but taking into account whichever event leads to “an extremely positive case”. “The extremely positive case” is represented by a confirmation in practice of the “textbook theory” associated with the ORP topic.

The methodology of data collection has included, beside the utilization of the secondary sources, the unstructured exploratory interviews and the direct observations which focused on the respective organization and on its executives.

Finally, the deductive reasoning implies a construction with a predictive character associated with the conclusions. The translation of the inductive sequence into an ulterior deductive sequence is based on the phenomenological continuity assumption, when elements that prove a certain discontinuity do not occur, as the ones involved in the catastrophe type .

### **IV. Findings**

When taking into account the mentioned difficulties concerning the correct implementation of the MBO, the first public institution analyzed was the university. This institution is compelled to

elaborate a mission statement and a strategic plan. On the other hand, it can be assumed that the university is the institution which has acquired the theory.

The analysis began with the study of the strategic plans and university charters which were made available on the websites. After studying the plans of 40 public universities, it was ascertained that the objectives are formulated in a rather ambiguous manner, a fact that suggests a desideratum related to a process. The terms used are “increase”, “accomplishment”, “improvement”, and so on. No example where the objectives were formulated in a SMART (Specific, Measurable, Achievable, Realistic, Time related) structure was found and neither certain supplementary characteristics. The measurability was carefully avoided and the obligation to report in a determined period of time was inexistent. The term “permanent” occurred frequently as a formulation associated with the time related to an objective labeled as “improvement”. The interviews showed that the academics don’t assume the objectives deriving from the objectives of the organization. As a matter of fact, there are no elements to prove the existence of an MBO in the universities.

The orientation toward results and their appraisal within the universities is associated only with the research activities accomplished by academics. Each university establishes a minimal threshold concerning this type of results. Probably more than 90 % of the academics reach this threshold, a fact that proves that this threshold is not operative.

In what the “outputs” of the educational process are concerned, there is no serious system of assessment concerning the graduates’ success on the market, even if the accreditation of certain programs of studies supposes an assessment belonging to this type and this specific criterion is acquired in almost all the cases. The universities are categorized according to an aggregated indicator of qualitative type, labeled as “degree of trust”. There are no reasonable Romanian classifications to match the type used in the Western Europe or in the USA.

Finally, two separate “events” have tested indirectly the existence of a management based on the ORP triad: the “legal” reduction of the academics’ income during the year 2010 and the change, starting with February 2011, of the rules and procedures which deal with recruitment of new teachers. The lack of institutional reaction to events that endanger the autonomy of the organization’s management is obvious, no special situations being signaled.

In the case of the local public administration, one can ascertain the same ambiguous expression. Due to the enforcement of law, all the town halls have been determined to elaborate a plan with the title “strategy of sustainable development”. This plan is available on the official website of the town hall, the plan being more developed in the case of bigger cities. Without taking into account the volume of the named plan, the objectives were expressed in a rather ambiguous form. The results of the unstructured interviews emphasized the lack of any concrete elements when a time interval longer than a semester is concerned.

As in the case of the universities, the reduction of public clerks’ salaries and the diminution of the personnel working in the town halls, with uniform percentages for all the organizations, revealed the fact that there is no coherent approach which relates to the theory of the topic. The negotiations at the hierarchical level, the assessment of results which are relevant for the organization, or the comparison used in order to estimate the performance were not to be found. However, it can be admitted that there was established a target of budgetary nature, whose significance is obscure in the lack of a transparent argumentation coming from the government.

An interesting situation from the point of view of results is related to the organizations belonging to the public health system. In this area, there are a significant number of result or performance indicators, most of them having the characteristic “maximal threshold” and being related to costs. As a matter of fact, the significant indicators have an economical character, being dictated by budgetary constraints coming from the central administration. In what this matter is concerned,

the results of the interviews show that there is no reliable proof of using a range of management instruments associated to the ORP triad.

Finally, the reduction of salaries and the reshaping of the health system represent supplementary reasons that prove the management using these instruments doesn't live up to its role in the area related to the health system.

It can be also inferred that the system of wages related to the named institutions became more rigid due to the effect of the "unitary wages law" elaborated in 2010, which decreased the margin of the employees' positive motivation, increasing instead their negative motivation, as a result of the new legislation related to the work market. The effect of these laws, corroborated with the budgetary targets and other strategies of financial nature, which are decided and applied in very short periods of time, have drained of its real content the MBO, MfR or PM in the studied public organizations.

## **V. Conclusions**

All the formal elements related to the elaboration of plan-type documents, in what the three institutions under discussion are concerned, refer to the concept "objective", but in all these cases there is no proof for operating with a SMART type form, or a form which should allow the measurement or operation within a control system. The existence of guiding elements belonging to the costs is not encompassed into a systemic construction which should involve a higher amount of objectives. Even if there are a number of prescriptions, sometimes in a fuzzy form, for formulating the mission or other documents for planning, nothing similar has been developed for the objectives, although the specialized literature offers several models and discussions.

In the practice specific to the organizations under discussion, there are no events able to represent in an indirect manner, by consequences related to their position (e. g. penalties), the proofs of utilizing an MBO type system. An objective such as "compliance with the budget", which is achievable by reducing the activity and by actually creating an operational discontinuity, cannot be validated as a proof to certify an acceptable managerial orientation for the public organizations. Even the "directional goals" such as "increase", "improvement" etc. are not to be found under forms which can be translated in practice within departments or positions.

The absence of the objectives triggers the post-factum character of any findings related to results. Actually, a complex set of results has been discussed that offers an unsubstantial image related to the activity of the organization. As regards the institutions analyzed, most of the universities close the year with substantial budget excesses, while the majority of hospitals fit into the opposite category. Almost all the published results represent the consequence of activities which are irrelevant for the basic process defined in the mission of the organization, or are concerned with the "output" of certain compartments and positions, without reflecting the consequence of a specific coordination, which should be able to provide a significant impact on the management style specific to the organization.

In a similar vein, this is also the case for using performance as a means to achieve a systematic improvement of the activity. Even if there is a tendency to compare the activity of similar organizations, the various classifications in Romania are questionable or of little relevance as compared to what are regarded as essential in the mission statement.

As compared to the past activity cycles of the institutions considered, it can be stated that a coherent application of a certain form of management - on the grounds of the ORP triad, in the sense of the reference theory - has not been signaled. The probability that other public institutions, less taken into account by mass media and by theoretical studies, would use certain strategies belonging to the MBO type is insignificant, because there are no regulations in this respect, and the practice does not reveal events of this type.

The inductive assessment related to the past and present cycles and to the premises of the same type associated with the category of processes guided by ORP allow the deduction that, in the near future, the estimation and control related to the activities of public organizations are not likely to develop in a coherent manner, by using the associated management techniques.

Due to the fact that the organizations do not utilize the ORP tools, the planned assessment of the employees or of certain organizational entities on these grounds has turned into the evaluator's arbitrary act of power with questionable consequences on the results that could prove relevant for the organization. As a matter of fact, following the same deductive reasoning, the consequences can only be negative for the management within a modern reference system.

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